

## Brief Summary of the Economic Impact of the Gulf Coast Museum in Largo, Florida

In estimating the economic impact of the now defunct Gulf Coast Museum, we can project that a certain amount of economic activity has been lost from the Pinellas County economy as a result of the closing of the museum in early 2009. To arrive at our projections, we used an approximate budget of \$1,100,000 per year. We calculated the impact of visitors based on an average annual attendance of 25,000 attendees in recent years. Examining address and guest book data made available to us by the Gulf Coast Museum in the year before its closing, we calculated that approximately 20% of museum attendees came from outside Pinellas County. These “nonlocal” visitors (an estimated 5,000 per year) brought money, through their local expenditures, into the Pinellas County economy that most likely would otherwise have been spent in their own county.

The summary of results provided below represent the total loss of economic impact in Pinellas County due to the closing of the Gulf Coast Museum, as estimated using an inter-industry model of the flow of goods and services between sectors of the economy in Pinellas County. Expenditures were made by the museum; those monies circulated through the local economy. The suppliers of goods and services to the museum increased their own purchases to meet the new demand; increased local employment resulted in additional expenditures by local households. Similar modeling has been undertaken to estimate the impact of expenditures by nonlocal visitors as well.

The results are calculated for the specific case of the Gulf Coast Museum and Pinellas County. Estimates of average spending by each nonlocal visitor are based upon an extensive national survey by Americans for the Arts of expenditures made by nonlocal visitors on the day of attendance to a cultural site or event.<sup>1</sup>

### Results:

- The \$1,100,000 in annual expenditures by the Gulf Coast Museum had an estimated economic impact of \$2,126,940. Sectors of the Pinellas County local economy (beyond the museum sector) that experienced a significant decrease in economic activity due to the closing of the museum are *real estate, wholesale trade, insurance carriers, and food services*. In addition, the loss of \$1,100,000 in annual expenditures by the Museum resulted in an estimated 28 jobs lost to the local economy.

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<sup>1</sup> Information on the Americans for the Arts study is available for download at [http://www.artsusa.org/information\\_services/research/services/economic\\_impact/default.asp](http://www.artsusa.org/information_services/research/services/economic_impact/default.asp). The survey was carefully designed to only count the expenditures directly tied to visiting a cultural organization on a specific day, so as not to “take credit” for expenditures primarily resulting from an extended vacation or other reasons for traveling.

- An estimated 5,000 visitors from outside Pinellas County visited the Gulf Coast Museum each year. The local expenditures made during their visits had a total economic impact of approximately \$341,449. Sectors of the local economy that benefited most from their presence are *food services, hotels and motels, retail stores, real estate, owner occupied dwellings, and wholesale trade*. The loss of expenditures by nonlocal visitors has resulted in the loss of an additional 4 jobs locally.
- The total economic loss precipitated by the closing of the Gulf Coast Museum consists of the impact of its own annual expenditures and the local expenditures made by visitors who reside outside Pinellas County. ***The total loss in economic impact attributable to the closing of the Gulf Coast Museum is approximately \$2,468,389 annually. The total impact in terms of local employment is an estimated 33 jobs.***

The Gulf Coast Museum benefited its community in many ways beyond its economic impact. This summary is only an estimate of the economic impact of the museum on Pinellas County's local economy.

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### **About the Gulf Coast Museum**

Located in Largo, Florida, the Gulf Coast Museum's campus included nine permanent collection and changing exhibition galleries featuring artwork by Florida artists and Southeastern fine crafts, along with sculpture gardens, studio-classrooms, and an auditorium. The Gulf Coast Museum was adjacent to Heritage Village, and was surrounded by the Florida Botanical Gardens. The nexus of organizations was termed a "cultural oasis," providing visitors with a true inside/outside art experience. The museum was well-regarded for offering a diverse, high quality exhibition schedule, a free film series, art classes, and Tampa Bay's only student exhibition gallery featuring the works of Pinellas County K-12 students. The museum experienced severe financial pressures in 2008 and ultimately closed its doors to the public in January 2009. Its collection was acquired by St. Petersburg College to be exhibited at the Florida International Museum.

### **About the Williams College Center for Creative Community Development (C<sup>3</sup>D)**

The Center for Creative Community Development (C<sup>3</sup>D) was founded in June 2004 with an initial grant from The Ford Foundation and subsequent funding from the Institute of Museum and Library Services, New England Foundation for the Arts, Massachusetts Cultural Council and others. C<sup>3</sup>D is a research organization working to better quantify and characterize the impacts that neighborhood-based arts and cultural organizations have on their surrounding communities. The Center provides sound data and case studies that can be used for case-making as well as for planning and evaluation purposes. Such measurements are essential for communities to manage the process of change, and to ensure equitable distribution of the benefits created by cultural economic development.

C<sup>3</sup>D is located on the campus of Williams College in Williamstown, Massachusetts, and is directed by Stephen Sheppard, Class of 2012 Professor of Economics. Professor Sheppard (PhD from Washington University) is an economist who specializes in inter-industry analysis and the

use of economic geography to analyze the impacts of brownfields, cultural amenities and other influences on household income, job creation, housing markets and neighborhood development.

More information about C<sup>3</sup>D and its analyses is available at [www.c-3-d.org](http://www.c-3-d.org).

### **About this Study**

The economic impacts reported above are based on standard input/output analysis. This type of model has been in use at least since the publication in 1960 of Walter Isard's important book *Methods of Regional Analysis: an Introduction to Regional Science* (M.I.T. Press). An input/output model is a set of mathematical formulas whose values are based on statistical analysis of actual observations. In this case, the formulas are designed to represent the working of the local economy. The economic impact estimates provided here are the result of a predictive model that estimates the amount of aggregate local income and employment that is attributable to expenditures by a particular cultural organization and its non-local visitors (visitors living outside the county). The model is designed for analysis at the county level, meaning the estimates cover impacts occurring throughout the county in which the organization is located.

The input-output model utilizes data from a variety of sources (including the U.S. Bureau of Economic Analysis, the U.S. Bureau of Labor, and the U.S. Census Bureau) to characterize the flow of goods and services among sectors of the economy and the employment and consumption patterns of different sectors of the local economy. The sectors are identified by NAICS (North American Industry Classification System) codes. Much of the data is collected at the county level through a survey process that examines the spending patterns of representative firms in every sector of the economy in every county throughout the country. The data collected provides estimates of the purchasing patterns of each sector of the county economy, identifying how much of every dollar spent in one particular sector is received as income in every other sector of the county economy, and how much of every dollar "leaks" outside the county economy or is considered "final consumption." The input-output economic model divides the economy up into over 400 sectors ranging from "Abrasive Products" to "Wood window and door manufacturing". Not all of these sectors are present in every local area. The model also draws heavily on data from the federal ES202 database of unemployment insurance filings and the "Regional Economic Information System" of the U.S. Bureau of Economic Analysis.

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For more detailed background on our input/output models for cultural organizations, you are encouraged to visit <http://www.williams.edu/Economics/ArtsEcon/econpages/FAQ.html>.